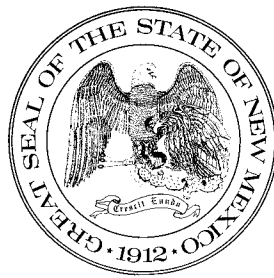


# Funding Formula Study Task Force



## REPORT to the FORTY-EIGHTH LEGISLATURE, FIRST SESSION

December 2006  
New Mexico Legislative Council Service  
File No. 205.214-06

December 2006

The funding formula study task force is pleased to submit its second report to the forty-eighth legislature, first session.

After issuing its request for proposals for an independent, comprehensive study of the public school funding formula, the task force is pleased to report that the American institutes for research (AIR), a national leader in public education and school finance research, was selected by the task force to conduct the study.

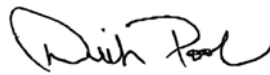
The task force wishes to thank all the offerors who responded to the request for proposals.

If you have any questions concerning this report or the work of the committee, please feel free to talk to me or other members of the task force.

Sincerely,



MIMI STEWART  
State Representative, District 21  
Co-Chair, Funding Formula  
Study Task Force



DICK POOL  
Superintendent, Silver Consolidated Schools  
Co-Chair, Funding Formula Study Task Force

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### **Background of the Task Force**

New Mexico's public school funding formula was enacted by the legislature in 1974. The two critical objectives of the formula were to: (1) equalize funding statewide; and (2) retain local autonomy in budgeting and expending state support. The formula was designed to distribute operational funds to local school districts in an objective manner, based on the educational needs of individual students and the costs of programs designed to meet those needs. The program cost differentials in the original formula were based on nationwide data regarding relative costs of various school programs as well as experience in New Mexico. The formula is divided into three basic parts:

- (1) educational program units that reflect the different costs of identified programs;
- (2) training and experience (T&E) units that provide additional money so districts may hire and retain more highly educated and experienced instructional staff; and
- (3) size adjustment units that recognize local school and district needs, economies of scale, marginal cost increases for growth in enrollment and adjustments for the creation of new districts.

As expected, the funding formula was amended over time as issues and problems arose. By 1995, the legislature recognized the need for another study of the formula. The legislature, governor and state board of education appointed a public school funding formula task force to develop a request for proposals (RFP) and select a consultant to carry out the funding formula study. The task force's charge to the consultant, Forbis Jordan and associates, was to:

- (1) perform a formula equity analysis;
- (2) identify areas of perceived unfairness in the formula;
- (3) propose alternative factors for the formula; and
- (4) review a number of nonformula educational finance issues, particularly in the

areas of program and department accountability, capital outlay funding and needs and rewards for schools performing higher than expected.

In the principal finding, the consultant concluded that:

when evaluated on the basis of generally accepted standards of equity, the New Mexico public school funding formula is a highly equitable formula. State law does not permit local school districts to levy additional taxes to supplement formula distributions. As a result, spending disparities are less than in other states and statistically insignificant.

The consultant also concluded that given the relatively low per-capita income of the state and the relatively high level of state support, New Mexico is a "high-effort, low-ability state" in terms of elementary and secondary education. Proposed changes to the formula revolved around three major issues:

(1) abolition of the size adjustment factor for large school districts (density) and creation of an at-risk factor to provide additional program units to school districts with students at risk of academic failure to replace density;

(2) revision of special education formula indices, the separate funding of special education ancillary services and the counting of special education students in regular membership; and

(3) infusion of \$55 million into the formula to pay for the changes and to hold harmless districts adversely affected by the changes, including the phase-out of the T&E waivers.

In 1997, the legislature passed House Education Committee Substitute for House Bill 215, which became Chapter 40 of Laws 1997.

*New Mexico's public school funding formula is highly equitable; however, changes in law, such as NCLB, IDEA and education reform, and changing school demographics, require a new look at the formula.*

It has now been almost 10 years since the last major revision to the public school funding formula, and there have been significant changes in public school laws in that time. The U.S. congress passed and the president signed the No Child Left Behind Act of 2001. The New Mexico legislature, at the behest of its education initiatives and accountability task force, passed a major education reform bill in 2003, which included the enabling legislation for a three-tier licensure system and minimum salaries for teachers and school administrators. Legislators and educators recognized that the education reform changes would necessitate changes to the funding formula, and Laws 2005, Chapter 49 provides the framework for a new, comprehensive study of the

formula.

Chapter 49 created the funding formula study task force and provided for its powers and duties. Members were appointed by the legislative council and the governor.

### **Task Force Membership**

The task force is composed of the following legislative members:

Rep. Mimi Stewart, co-chair

Rep. Brian K. Moore

Sen. Vernon D. Asbill

Sen. Cynthia Nava

Rep. Roberto "Bobby" J. Gonzales

Sen. James G. Taylor

Public members are:

Dick Pool, Silver Consolidated superintendent  
and co-chair

Randy Manning, Central board member

Lilliema Ortiz, Pojoaque board president

Robert Archuleta, Jemez Mountain superintendent<sup>1</sup>

Dennis Roch, Texico teacher

V. Sue Cleveland, Rio Rancho superintendent

Karen White, Gallup-McKinley superintendent

Jack Jenkins, Las Cruces CFO<sup>2</sup>

Advisory legislative members are:

Sen. Ben D. Altamirano

Sen. Gay G. Kernan

Rep. Gail C. Chasey

Sen. Linda M. Lopez

Sen. Mark Boitano

Rep. Terry T. Marquardt

Rep. William "Ed" Boykin

Rep. Rick Miera

Sen. Pete Campos

Sen. Mary Kay Papan

Rep. Joni M. Gutierrez

Sen. Bernadette M. Sanchez

Rep. Jimmie C. Hall

Rep. Richard D. Vigil

Advisory public members are:

James M. Phipps, Artesia superintendent

Manuel F. Valdez, Chama superintendent

Staff for the task force included:

Jonelle Maison, Sharon Ball and Jeremy LaFaver, legislative council service

Frances Maestas and Kathy Forrer, legislative education study committee

Paul Aguilar, legislative finance committee

Scott Hughes and Peter Winograd, office of education accountability

Don Moya, public education department.

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<sup>1</sup> Mr. Archuleta is now superintendent of Mesa Vista consolidated schools.

<sup>2</sup> Mr. Jenkins is now retired.

*The membership of the task force ensures that the particular perspectives of small, medium and large school districts, as well as teachers and other school employees, school administrators and school boards, are represented.*

As specified in the law, the funding formula study is a three-year process that will culminate in final recommendations to the forty-eighth legislature, second session. Last year, the task force educated itself on the formula and took testimony, particularly from school districts, on problems and issues concerning public school funding in New Mexico.

### **Request for Proposals**

Just as New Mexico was in the forefront of the national move toward equitable public school funding back in the 1970s, it is now in the forefront of the national debate over what an adequate educational program should consist of and how to balance equitable and adequate funding for public schools. Unlike other states that have been forced into hurried studies through lawsuits or been forced to take the results of plaintiff studies, New Mexico has acted proactively and is providing approximately 16 months to complete an independent, comprehensive study. One very important provision in the RFP was the requirement for the consultant to analyze and evaluate current and potential federal, state and local revenue sources. This provision was inserted to avoid the trap many states have found themselves in when contractors recommend unrealistic programming for which there is insufficient revenue.

The RFP was issued on May 26 and had a closing date of June 26. The task force received 32 requests for the RFP, and six groups responded with proposals. The co-chairs named members of the task force to serve on an evaluation panel that met June 28-30 to read and evaluate the proposals. Each member read each proposal and the panel ranked the proposals on qualifications of the offeror, description of services and cost. The three finalists were the American institutes for research (AIR), Augenblick, Palaich and associates and Craig Wood and associates. After hearing oral presentations at its July 24-26 meeting, the task force awarded the contract to AIR.

In response to the AIR proposal, the co-chairs have named a project advisory panel consisting of several task force members; one representative of the coalition of school administrators, which is helping to fund the study; the deputy secretary of public education for finance and operations; and one representative of business.

### **Scope of Work**

Building on the results of last year's inquiry into public school finance and concerns of school districts, the task force crafted the RFP for an independent comprehensive study of the New Mexico public school funding formula. Following is the RFP scope of work.

***Preamble to Scope of Work:*** New Mexico's basic public education policy, as set forth in its constitution, statutes and rules, is to provide a uniform system of

public education that offers equal access to educational opportunity and that guarantees all New Mexico public school students access to programs and services appropriate to their educational needs, regardless of location or community economic conditions. Since 1974, the New Mexico public school funding formula has been considered one of the best in the country in terms of vertical equity. It is noteworthy that New Mexicans continue to demonstrate their willingness to pay for public education; census bureau data consistently show that New Mexicans provide a higher percentage of their income to education than almost any other state.

Over the last 30 years, there have been numerous piecemeal amendments to the Public School Finance Act and the formula, most done after an interim committee has studied the issue; however, the 1995-1996 equity study was the only independent review of the formula that has been conducted since its adoption in 1974. In 2000 and 2003, the legislature passed education reform measures, including new licensure systems and salary minimums for teachers and school administrators; standards-based testing and increased accountability for schools and school districts; and the elimination of old-style social promotion and the addition of mandatory school responsibilities for failing students. These reforms require a comprehensive study of the funding formula, its factors and the numerical values for those factors to determine whether the current formula distributes sufficient revenue to school districts to provide a basic educational program and to recruit and retain the best teachers and other school personnel to teach and serve New Mexico's school-age children. There have also been other legislative changes affecting public school operational revenues and expenditures, and these changes must be considered in the funding formula study.

A study of New Mexico's funding formula cannot be done without considering the state's unique demographics. It is the fifth largest state, but ranks thirty-sixth in population and forty-fifth in population density. Of its 1.8 million people, approximately 327,000 are public school students and less than half of them live in urban areas or compact districts. This tyranny of geography militates against economies of scale and limits the ability of small rural school districts to offer educational experiences comparable to those offered in the more urban districts. Perhaps the most significant statistic is that New Mexico ranked first in the nation for poverty in the "Poverty 2000" census report (three-year average, 1998-2000); 19.3 percent of the state population lives at or below the poverty line. However, as noted earlier, in the face of this statistic, New Mexico ranks first or second in funding effort. Demographic data also show that New Mexico is not a homogeneous population: 54 percent of public school students are Hispanic, 11.1 percent are Native American, 31.1 percent are Anglo and 3.8 percent are Black or Asian. As a border state, New Mexico has a significant population of immigrant students. For these and other reasons, school districts struggle with high mobility rates, large at-risk populations and high numbers of English language learners, all of which make attaining adequate yearly progress (AYP) extremely difficult.



Other areas of significant concern were raised by local school personnel during testimony gathered by the Task Force. One concern shared by many superintendents is the formula's apparent failure to provide sufficient funding to small rural school districts, which have had to depend on emergency supplemental funding each year for the last several years simply to meet their base budgets. In conjunction with this situation, superintendents are eager to have distance learning and alternative schools included in the funding formula. Sufficient funding for growth, for special education and for bilingual/multicultural-ELL, including culturally sensitive education for Native American students, are other concerns raised by superintendents.

The purpose of this study is to determine:

- (1) what an appropriately sufficient basic K-12 educational program includes and how to fund that program given the realities of New Mexico's economy;
- (2) how to ensure that the factors in the formula meet the needs of New Mexico's diverse school districts, schools and students and distribute sufficient resources to support student achievement;
- (3) how to account for compensation of teachers, school principals and instructional support providers, as defined in Section 22-1-2 NMSA 1978, in the funding formula;
- (4) how to provide effective and efficient incentives to enable low-performing schools to raise their performance to state and federal No Child Left Behind Act standards; and
- (5) potential revenue sources for funding the state's uniform system of public education.

**Scope of Work:** The Consultant shall review educational literature, research, data and other available analytical sources and all pertinent New Mexico constitutional and statutory provisions and rules and shall conduct a review of the New Mexico public school funding formula as it currently exists, including the rationale behind each of its amendments based on available data, the basic concepts underlying the formula and the components of the formula to determine if the current funding system allows districts to provide an appropriately sufficient basic K-12 educational program. If the current funding system is found lacking, the Consultant shall develop recommendations and options for a definition of an appropriately sufficient basic educational program; necessary changes to the funding formula to implement each option; and adequacy of current and potential revenue sources to fund each option. The Task Force shall establish a panel of outside

experts to review the Consultant's work, recommendations and options, and the Consultant shall revise work plans, recommendations and options as needed.

In carrying out the purpose of the study and the scope of work, the following tasks are not necessarily sequential, and the Offeror may propose to combine or reorder the tasks or propose additional tasks to ensure that the purpose and scope are fulfilled.

**Task 1.** Survey and interviews: the Consultant shall work with the Task Force staff to develop a statistically valid statewide instrument representative of population that will describe what New Mexicans consider to be the components of an appropriately sufficient basic K-12 educational program in the public schools. After the survey data have been compiled, the Consultant and staff shall determine appropriate focus groups and individuals to be interviewed for the collection of additional data regarding a sufficient educational program.

**Task 2.** Analysis and evaluation of funding formula:

A. Analyze and evaluate funding formula factors, including:

(1) methodology for establishing appropriate weights for multipliers for each grade level, regardless of school configuration;

(2) methodology for establishing appropriate weights for services for students in need of special education, including services for gifted students;

(3) methodology for establishing appropriate weights for services for students identified in accordance with federal guidelines as English Language Learners, including bilingual multicultural education and other scientifically based approaches;

(4) methodology for establishing appropriate weights for district, school and class size;

(5) methodology for accounting for enrollment growth or decline and establishment of new schools or school districts;

(6) methodology for establishing appropriate weights for services to students at risk of failure or dropping out; and

(7) methodology for accounting for fine arts, national board for professional teaching standards certification and other programs in the formula.

B. Analyze and evaluate the history of program unit increases, particularly in relation to growth and decline of MEM.

C. Analyze and evaluate statutory and regulatory requirements that are not currently included in the formula, including physical education and health education in grades one through eight. Develop methodology for accounting for these requirements in the formula.

D. Analyze and evaluate the need for weighting other factors, such as:

- (1) subject areas, including science and vocational education;
- (2) students who are less than full time and take other than academic course work;
- (3) alternative schools and alternative school settings; and
- (4) public school choice, including charter schools.

E. Analyze and evaluate means to reward cost-savings by districts, including consolidation; demonstrated savings through resource sharing between districts; variable school classes, days or years; and other cost-saving measures.

F. Analyze and evaluate funding for educational services for school-age children in detention facilities and treatment centers, including how to accurately account for these children in the receiving and sending of school districts' MEM calculations for funding.

G. Analyze and evaluate the need for school nurses and counselors in elementary, middle or junior high schools and senior high schools and the way in which those positions could be weighted in the funding formula.

H. Analyze and evaluate the consistency with and applicability to the funding formula of other provisions of the Public School Code, in particular Chapter 22, Articles 2C and 13 NMSA 1978, as well as the federal No Child Left Behind Act.

I. Analyze and evaluate all special grant-in-aid funds and their purposes and make recommendations on whether those purposes should be funded through the formula. Analyze and evaluate current funding for educational technology and make recommendations on how that should be funded.

J. Analyze and evaluate the appropriateness of removing fixed costs

such as insurance and testing from the program cost calculation.

**Task 3.** T&E. Analyze and evaluate how instructional staff education and experience, educational leadership and professional development should be addressed through the funding formula in relation to the three-tiered licensure system.

**Task 4.** Funding sources. Analyze and evaluate current and potential federal, state and local revenue sources, including all credits taken by the state in calculating the state equalization guarantee.

**Task 5.** Recommendations and Options. Based on the Consultant's analyses and evaluations, including recommendations, on other tasks, develop options and recommendations for the Task Force's and Legislature's consideration on:

(1) what constitutes the components of an appropriately sufficient basic educational program for New Mexico's public schools, recognizing the realities of New Mexico's economy and the tax burden of New Mexico taxpayers;

(2) amendments to and calibrations for the funding formula, including calculations of instructional staff education and experience, growth, decline, special education and other weights and factors;

(3) methods to provide effective and efficient incentives to enable low-performing schools to raise their performance to state and federal standards; and

(4) revenue sources for public school funding, including recommendations concerning credits for local revenues.

Every option and recommendation shall include their effects on the funding formula and their costs to the state general fund and other revenue sources.

**Task 6.** Legislative and other testimony. The Consultant shall be available for testimony before legislative standing and interim committees and other groups, subject to approval of the contract manager and the co-chairs of the Task Force.

### **American Institutes for Research**

AIR is a not-for-profit organization devoted to improving policy research and practice in social policy arenas, including education, with an emphasis on helping disadvantaged and other special need populations.

### **Study Components**

The ultimate goals of this study include: (1) determining what it would cost to provide an adequate education for all New Mexico students; (2) examining and potentially modifying the

current funding formula to distribute the necessary resources; and (3) assessing available revenue sources to fund these changes. To accomplish these goals, the study will be carried out in four major phases:

### ***Phase One: Setting Goals***

The purpose of phase one is three-fold: (1) to inform the public about the project; (2) to identify how New Mexicans envision the goals of their public schools; and (3) to seek public input on what needs to be done to achieve those goals. To identify these goals, the AIR research team will examine the existing definition of educational sufficiency as implied by state law and solicit input through surveys of key constituencies and a series of town hall meetings that are held around the state.

### ***Phase Two: Costing-Out***

The second phase involves determining the costs of ensuring that all students in New Mexico have access to the programs and resources necessary to achieve the goals set out in phase one of the project. AIR will work with teams of programmatic experts and New Mexico educators who have been recognized for their contributions to design alternative instructional programs, to specify the resources to deliver those programs to the diversity of students across the state and to estimate a range of costs for these programs and resources. This comprehensive cost analysis will take into account variations in pupil needs, e.g., student poverty, English language skills, disabilities, exceptionalities, vocational interests and mobility; the scale of school and district operations; and variations in the cost of comparable resources, e.g., teachers and other school personnel, across different regions of the state.

### ***Phase Three: Developing a Funding Formula***

In the third phase, AIR will use the results of the costing-out exercise as the foundation for recommending changes or modifications to the way schools are currently funded in New Mexico. The funding formula will address how best to distribute resources to ensure the provision of a sufficient education to all students, regardless of circumstance or location.

### ***Phase Four: Assessing Revenues***

AIR will conduct an analysis of existing revenue sources and identify potential revenue sources that might be called upon to provide the necessary funding to support a sufficient education across all school districts.

### ***AIR Research Team***

The AIR research team is led by Dr. Jay G. Chambers, who is a senior research fellow at AIR and who has three decades of experience working in collaboration with local, state and federal policymakers in the area of school finance. Dr. Jesse Levin is project director. AIR is committed to collaborating with key individuals representing a wide range of critical constituencies to produce an independent analysis of the policy issues inherent in re-examining the foundation for the school funding system in New Mexico. They are also committed to the transparency of the process so that the public can understand the rationale for the recommendations and how they have been crafted to meet the needs of New Mexico public schools and the students they serve.

### **Public Engagement and Project Web Site**

Dr. Karen DeMoss, university of New Mexico, was recruited by AIR to be part of its research team and to conduct the public engagement component of the study. AIR is fulfilling the study requirement for public engagement by targeted computer and paper surveys and by town hall meetings. A targeted, secure web-based survey was provided to a group of 225 informed representatives of the state, including legislators, school and district leaders and business and cultural group leaders. In addition, AIR posted the survey on its web site, [www.nmschoolfunding.org](http://www.nmschoolfunding.org), and well over 1,000 New Mexicans responded. Twenty-five town halls were held around the state, many more than the eight originally anticipated in discussion with the project advisory panel. Results of the public engagement component will be available in January in time for the stakeholder panel to meet.

*Town hall meetings were held in Vaughn, Los Alamos, Clayton, Crownpoint, Gallup, Taos, Gallina, Clovis, Edgewood, Rio Rancho, Animas, Santa Fe (three meetings, one in Spanish), Las Vegas, Albuquerque, Albuquerque west side, Roswell, Socorro, Alamogordo and Las Cruces. Meetings were also held with the northern network, school boards association and the UNM college of education.*

### **Budget**

The legislative council approved a total budget of \$84,645 for the task force, including \$69,895 for voting and public members, \$4,750 for the evaluation panel and \$10,000 for members' attendance at public engagement meetings. The budget included the cost for one or more additional meetings, and it is expected that the task force will schedule those meetings after the legislative session to hear a study update from AIR. Members chose not to ask for reimbursement at the public engagement meetings they attended, so that portion of the budget is unexpended. To date, the task force has spent \$11,950 of its approved budget.

The study is funded at \$800,000. The legislature appropriated \$500,000; the legislative council dedicated an additional \$100,000; and the coalition of school administrators provided \$200,000.

### **Appendix**

Copies of the task force's work plan, agendas and minutes are included in the appendix.

# Appendix

**Approved  
2006 Work Plan  
of the  
Funding Formula Study Task Force**

The funding formula study task force was created pursuant to Laws 2005, Chapter 49. The function of the task force is to approve the request for proposals for a contractor to study the public school funding formula and to select the contractor.

The task force is composed of the following legislative members:

Rep. Mimi Stewart, co-chairwoman	Rep. Brian K. Moore
Sen. Vernon D. Asbill	Sen. Cynthia Nava
Rep. Roberto "Bobby" J. Gonzales	Sen. James G. Taylor

Public members are:

Mr. Dick Pool, co-chairman	Mr. Randy Manning
Mr. Robert Archuleta	Ms. Lilliemae Ortiz
Mr. Charles Bowyer	Mr. Dennis Roch
Dr. V. Sue Cleveland	Ms. Karen White
Mr. Jack Jenkins	

Advisory legislative members are:

Sen. Ben D. Altamirano	Sen. Linda M. Lopez
Sen. Mark Boitano	Rep. Terry T. Marquardt
Rep. William "Ed" Boykin	Rep. Rick Miera
Sen. Pete Campos	Sen. Mary Kay Papen
Rep. Gail Chasey	Sen. Bernadette M. Sanchez
Rep. Joni M. Gutierrez	Rep. Richard D. Vigil
Rep. Jimmie C. Hall	Rep. Teresa A. Zanetti
Sen. Gay G. Kernan	

Advisory public members are:

Mr. James M. Phipps  
Mr. Manuel F. Valdez

Staff for the task force is provided by the legislative council service, legislative education study committee, legislative finance committee, public education department and office of education accountability.

As specified in the law, the funding formula study is a three-year process that will culminate in final recommendations to the second session of the forty-eighth legislature. Last year, the task force educated itself on the formula and took testimony, particularly from school districts, on problems and issues concerning public school funding in New Mexico. This interim, the task force will issue a request for proposals (RFP) for the planned study of the funding formula, will evaluate the proposals and will select a contractor to perform the study. The task force will finalize the RFP



at its May 24 meeting, and the RFP will be issued on or about May 26; the closing date is June 26, 2006. The co-chairs of the task force named an evaluation panel that will meet June 28-30 to select finalists for task force consideration. At its July 24-26 meeting, the task force will hear presentations from finalists and will select the winning bidder. The co-chairs and the legislative council service director will then negotiate the contract with that bidder. As part of the study, the task force will name a panel of outside experts to review the work of the contractor.

The task force plans a truncated meeting schedule this interim while the contractor conducts the first phase of the study, including the surveys and interviews required in the RFP. The RFP requires the contractor to meet with focus groups around the state, and task force members will attend meetings in their areas. The task force requests legislative approval to pay per diem and mileage for members attending focus group meetings. The task force asks the legislative council to approve three additional meetings during the interim, between selection of the contractor and the end-of-interim report in December, in case the task force needs to meet with the contractor.

**Tentative Agenda  
of the  
Seventh Meeting  
of the  
Funding Formula Study Task Force  
Room 322, State Capitol  
May 24, 2006**

**Wednesday, May 24**

- |            |   |
|------------|---|
| 10:00 a.m. | Call to Order<br>Roll Call<br>Approval of Minutes                                 |
| 10:05 a.m. | Report on Meetings with Northern New Mexico Network and Northwest Superintendents |
| 10:30 a.m. | Final RFP Discussion — Members and Staff  |
| 11:30 a.m. | Proposed Work Plan and Budget<br><br>Other Business<br>Adjournment                |

**Tentative Agenda  
of the  
Funding Formula Study Task Force  
July 24-25, 2006  
Room 322, State Capitol**

Monday, July 24

9:00 a.m.      Call to Order  
                    Roll Call  
                    Approval of Minutes

**THE TASK FORCE WILL BE MEETING IN EXECUTIVE SESSION**

9:30 a.m.      Presentation by American Institutes for Research — Dr. Jay Chambers

LUNCH

2:00 p.m.      Presentation by R.C. Wood and Associates — Dr. Craig Wood

5:00 p.m.      Recess

Tuesday, July 25

9:00 a.m.      Presentation by Augenblick, Palaich and Associates, Inc. — Dr. John Augenblick

LUNCH

1:30 p.m.      Task Force Discussion

**MEETING REOPENED TO PUBLIC**

Other Business  
Adjournment

**TENTATIVE AGENDA  
for the  
Ninth Meeting  
of the  
Funding Formula Study Task Force**

**December 12, 2006  
Room 322, State Capitol  
Santa Fe**

- |            |   |
|------------|---|
| 10:00 a.m. | Call to Order<br>Roll Call<br>Approval of Minutes   |
| 10:15 a.m. | American Institutes for Research (AIR) Contract Progress Report<br>and Report on Public Engagement<br>— Dr. Jay Chambers and Dr. Karen DeMoss |
| 12:00 noon | Other Business<br>Adjourn   |

**Minutes  
of the  
Sixth Meeting  
of the  
Funding Formula Study Task Force  
Santa Fe, New Mexico  
April 3, 2006**

The sixth meeting of the funding formula study task force was called to order at 10:15 a.m. on April 3, 2006 by Representative Mimi Stewart, co-chairwoman, in Room 322, State Capitol, Santa Fe, New Mexico.

***Present were:***

Rep. Mimi Stewart, co-chair  
Mr. Dick Pool, co-chair  
Mr. Robert Archuleta  
Sen. Vernon D. Asbill  
Dr. V. Sue Cleveland  
Rep. Roberto "Bobby" J. Gonzales  
Rep. Brian K. Moore  
Sen. Cynthia Nava  
Mr. Dennis Roch  
Ms. Karen White

***Absent were:***

Mr. Jack Jenkins  
Mr. Randy Manning  
Ms. Lilliemae Ortiz  
Sen. James G. Taylor

***Advisory Members:***

Rep. William "Ed" Boykin  
Rep. Jimmie C. Hall  
Sen. Linda M. Lopez  
Rep. Rick Miera  
Mr. James M. Phipps  
Sen. Bernadette M. Sanchez  
Mr. Manuel F. Valdez  
Rep. Richard D. Vigil

Sen. Ben D. Altamirano  
Sen. Mark Boitano  
Sen. Pete Campos  
Rep. Gail Chasey  
Rep. Joni M. Gutierrez  
Sen. Gay G. Kernan  
Rep. Terry T. Marquardt  
Sen. Mary Kay Papen  
Rep. Teresa A. Zanetti

***Staff:*** Jonelle Maison, Sharon Ball, Frances Maestas, Kathy Forrer, Paul Aguilar, Don Moya, Pam Bowker

***Guests:*** The guest list is in the meeting file.

Minutes of the last meeting were approved as submitted.

***Legislative Action Update – Representative Mimi Stewart, co-chair***

The 2006 legislature passed the task force-endorsed measure to extend the life of the task force until December 15, 2007 and to include as a voting member one representative of a statewide teacher organization appointed by the legislative council. Although funding for the task force was

included in the 2006 General Appropriation Act, the legislature reduced the task force's requested amount of \$1 million to \$500,000. Representative Stewart reported she had discussed the shortfall with Paula Tackett, director of the legislative council service, and representatives of the New Mexico coalition of school administrators. Given the importance of the study, the legislative council will be asked to contribute \$100,000 and other legislative committees and the executive will be asked to also contribute. Tom Sullivan, director of the coalition, reported that at the recent statewide spring budget workshop meeting of the superintendents' association, members had voted to assess each district a proportional amount of money (depending upon district size) and would be able to contribute an additional \$200,000 toward funding the study.

### ***Funding Formula Study RFP Discussion – Task Force and Staff***

Ms. Maison provided the task force members with a copy of a draft request for proposals (RFP) developed by staff. She stressed that the draft was a starting point for discussion and should not be considered final. After lengthy discussion, staff was directed to make several changes to the document and to incorporate suggestions in visible form from the northern network and northwest superintendents.

Task force members discussed the necessity of establishing an outside panel of national experts to evaluate the study as it progresses and to assist the task force in keeping it on track. In response to a question, Ms. Maison said that staff would solicit suggestions from the national conference of state legislatures, the education commission of the states, the American education research association and the American education finance association for qualified persons to serve on the panel.

The task force agreed to the following schedule:

Release of RFP	May 26, 2006
Submission of proposals	June 26, 2006
Evaluation of proposals and selection of contractor	July 24-26, 2006
Signing of contracts and commencement of work	August 15, 2006.

Task force members also agreed that the co-chairs will appoint a subcommittee of task force members to review and evaluate all RFP submissions and recommend a "short list" of offerors to be invited to make presentations to the entire task force in late July, at which time the task force will make its selection. The study would be expected to commence by mid-August. The task force will hear a report from the contractor at its December 20 meeting. Members will be invited to attend planned regional meetings between the contractor and school districts and communities when those are set.

### ***Interim Work Plan and Meeting Dates—Task Force Discussion***

Task force members discussed at some length the issue of holding meetings in the northern part of the state to take input from interested persons regarding the study as had been planned for the 2006 interim and as had been done during the 2005 interim in the southern part of the state. Several members expressed concerns about the time constraints of getting the RFP issued with enough time to complete Task 1 in order to make recommendations to the 2007 legislature.

Following task force members' discussion of the issue, it was agreed that Representative Stewart and any other interested task force members, together with staff, would attend the April 7 meeting of the northern New Mexico network superintendents in Albuquerque and a meeting of northwest New Mexico superintendents in Farmington on April 19 at San Juan college to take input on the RFP.

Members agreed that the focus of the 2006 interim's work would be on developing and issuing the RFP, selecting a contractor and overseeing the development and implementation of the statistically valid statewide survey to describe what New Mexicans consider to be an appropriately sufficient basic K-12 educational program in the public schools. By consensus, the task force agreed to the following schedule of meetings:

May 24	Approve final RFP
July 24-26	Task force evaluation of presentations and selection of contractor
August 15	Signing of contract and commencement of study
December 20	Contractor progress report to task force; task force legislative recommendations

Representative Moore said the legislative finance committee's June 12 agenda includes a report from the funding formula study task force. He noted that the meeting will be held in Silver City. Representative Stewart thanked Representative Moore for extending her and the co-chair the courtesy of a timely notification. Representative Stewart also indicated that she would update the legislative education study committee on the progress of issuing the funding formula study RFP at its meeting in Santa Fe on May 4-5.

There being no further business, the task force adjourned at 12:20 p.m.

**Minutes  
of the  
Seventh Meeting  
of the  
Funding Formula Study Task Force  
May 24, 2006**

The seventh meeting of the funding formula study task force was called to order on May 24, 2006 by Representative Mimi Stewart, co-chairwoman, at 10:15 a.m. in Room 322, State Capitol.

***Present were:***

Rep. Mimi Stewart, co-chairwoman  
Mr. Dick Pool, co-chairman  
Mr. Robert Archuleta  
Sen. Vernon D. Asbill  
Mr. Charles Bowyer  
Rep. Roberto "Bobby" J. Gonzales  
Mr. Randy Manning  
Rep. Brian K. Moore  
Ms. Lilliemae Ortiz  
Mr. Dennis Roch  
Sen. James G. Taylor  
Ms. Karen White

***Advisory Members:***

Rep. Gail Chasey  
Sen. Gay G. Kernan  
Rep. Rick Miera  
Mr. James M. Phipps  
Sen. Bernadette M. Sanchez  
Mr. Manuel F. Valdez

***Absent were:***

Dr. V. Sue Cleveland  
Mr. Jack Jenkins  
Sen. Cynthia Nava

Sen. Ben D. Altamirano  
Sen. Mark Boitano  
Rep. William "Ed" Boykin  
Sen. Pete Campos  
Rep. Joni M. Gutierrez  
Rep. Jimmie C. Hall  
Sen. Linda M. Lopez  
Rep. Terry T. Marquardt  
Sen. Mary Kay Papen  
Rep. Richard D. Vigil  
Rep. Teresa A. Zanetti

***Staff:***

Jonelle Maison, Sharon Ball, Jeremy LaFaver, Doug Williams, Frances Maestas, Kathy Forrer and Scott Hughes.



**Guests:** The guest list is in the meeting file.

Copies of handouts are in the meeting file.

Minutes of the last meeting were approved as submitted.

***Report on Meetings with Northern New Mexico Network and Northwest Superintendents***

Representative Stewart gave a short summary of the northern New Mexico network's meeting, which included a presentation on rural education issues by Dr. Marty Strange. A copy of Dr. Strange's PowerPoint presentation was provided to task force members. At the meeting, the network facilitated a roundtable discussion of the funding formula study and provided the task force with a compilation of comments by superintendents and other members made during the meeting. Mr. Pool reported on the meeting with the northwest superintendents held in Farmington. How training and experience will be calculated and the need for improved principals' salaries were the two most prominent concerns expressed by those superintendents.

During a brief discussion of the recently held legislative finance committee (LFC) meeting, Mr. Phipps reported that Senator John Arthur Smith is interested in knowing the final price tag of the new formula. Task force staff explained to the committee that the cost would not be known until after the study is completed. A look at other states has not proved helpful, since new formula costs were all over the board.

A letter from David Abbey, LFC director, was brought to the attention of the task force. Mr. Abbey wrote that members of the LFC are requesting that the study address performance and accountability. In his letter, he also requested that the study look into the effect of students who are not enrolled full time, but whose districts receive full funding for them through the formula. Representative Stewart cautioned the task force against attempting to rewrite the request for proposal (RFP) at this stage. She stated that this meeting is to finalize mostly minor changes to the already-presented RFP, and that new provisions should not be added, particularly if those provisions had not undergone review by the task force in its public meetings.

***Final RFP Discussion***

Jonelle Maison presented changes made to the RFP either at the behest of the task force at its last meeting or by the drafter. All changes were indicated by bold type in the discussion draft. Representative Stewart reminded the task force that items in the RFP are specified for the consultant to explore and that the task force is not required to adopt every recommendation made by the consultant. She pointed out that the RFP was drafted to be as inclusive as possible of items discussed by the task force during its public meetings over the last year.

The two issues that had been raised by LFC had been included in the RFP for discussion. One issue involved funding for high school seniors who attend school less than full time. Representative Moore, who had proposed the addition, said that some students receive the necessary amount of credits before completing a full four years of high school and are not enrolling in academic coursework full time, although their school districts receive full funding for those students. Tom Sullivan, coalition of school administrators, pointed out that some high school

juniors are also enrolled in dual enrollment programs. After further discussion, Ms. Maison suggested the word be changed to "students". The change was approved.

The other issue involved the LFC-proposed task 5, which provided that the consultant "[c]onsider funding mechanisms to promote accountability, including funding linked to outcomes or performance."

Paul Aguilar, LFC, said this issue was raised by LFC as a direct link to House Bill 212, the 2003 education reform bill. LFC wants to ensure that there is accountability for public funding of education. Representative Stewart said the issue has been resolved with teacher evaluations based on student performance. She opined that the legislative education study committee and the task force need to educate more legislators about the teacher licensure and evaluation system, including accountability. She reminded Mr. Aguilar that the task force has been meeting for more than a year and this issue has not been raised. Representative Stewart indicated her opposition to the adoption of task 5. Senator Asbill observed that linking funding to performance would result in teaching to the test, as is done in many districts in Texas. Representative Miera concurred with Senator Asbill and added that without a specified benchmark against which to measure student performance, the standard will become adequate yearly progress, which he feels is not in the best interest of the state. Mr. Bowyer said there may be constitutional problems with linking funding to performance. Representative Moore defended the task, saying that it encourages the consultant to look at what other states are doing and to offer options. He reminded the task force that it is not required to adopt every recommendation of the consultant, but that it should have options, including those that promote accountability. Mr. Bowyer moved that task 5 be deleted from the RFP. The motion was seconded by Representative Miera and carried; Representative Moore and Senator Taylor voted no.

★ Representative Stewart requested that a letter be sent to LFC outlining the task force's discussion and highlighting the areas of the RFP that address accountability and performance.

After discussion of all proposed changes, the RFP was approved. Representative Stewart told the task force that she and the co-chairman had named the evaluation panel, which will meet June 27-30 to select finalists to make oral presentations before the task force at its July 24-25 meeting. The evaluation panel will be made up of Representative Stewart, Mr. Pool, Senator Nava, Representative Hall (replacing Representative Moore, who cannot attend), Dr. Cleveland, Mr. Phipps, Mr. Roch, Mr. Manning and Mr. Archuleta.

### ***Work Plan and Budget***

Jonelle Maison briefly went over the proposed work plan and budget for the task force. The budget includes money to allow members to attend study focus group meetings in their respective areas. On motion of Representative Gonzales, seconded by Senator Taylor, the work plan and budget were approved.

The next meeting of the task force will be July 24-25, during which the task force will hear oral presentations from RFP finalists and will select the contractor. Representative Stewart said it is essential that members, particularly voting members, attend that meeting.

There being no further business, the task force adjourned at 12:00 noon.

**Minutes  
of the  
Eighth Meeting  
of the  
Funding Formula Study Task Force  
July 24-25, 2006  
Room 322, State Capitol**

The eighth meeting of the funding formula study task force was called to order by Representative Mimi Stewart, co-chair, at 9:15 a.m. on July 24, 2006 in Room 322, State Capitol.

**Present were:**

Representative Mimi Stewart, co-chair  
Mr. Dick Pool, co-chair  
Mr. Robert Archuleta  
Senator Vernon D. Asbill  
Mr. Charles Bowyer  
Representative Roberto "Bobby" J. Gonzales  
Mr. Jack Jenkins  
Mr. Randy Manning  
Representative Brian K. Moore  
Senator Cynthia Nava  
Senator James G. Taylor  
Ms. Karen White

**Absent were:**

Dr. V. Sue Cleveland  
Ms. Lilliemae Ortiz  
Mr. Dennis Roch

**Advisory members:**

Representative William "Ed" Boykin  
Representative Jimmie C. Hall  
Senator Gay G. Kernan (7/25)  
Representative Rick Miera  
Mr. James M. Phipps  
Mr. Manuel F. Valdez  
Representative Teresa A. Zanetti (7/25)

Senator Ben D. Altamirano  
Senator Mark Boitano  
Senator Pete Campos  
Representative Gail Chasey  
Representative Joni M. Gutierrez  
Senator Linda M. Lopez  
Representative Terry T. Marquardt  
Senator Mary Kay Papen  
Senator Bernadette M. Sanchez  
Representative Richard D. Vigil

(Attendance dates are noted for members not present for the entire meeting.)

**Staff:** Jonelle Maison, Sharon Ball, Jeremy LaFaver, Doug Williams

**Guests:** The guest list is in the meeting file.

Copies of all handouts and written testimony are in the meeting file.

The minutes of the May 24 meeting were approved as submitted.

The task force went into executive session to hear finalist proposals to the request for proposals. Finalists were American institutes for research (AIR), R.C. Wood and associates and Augenblick, Palaich and associates (APA).

At the end of the presentations over one and one-half days, the task force went back into public session and explained that there would be no public announcement of the winner until the contract had been negotiated with the highest-ranked finalist. The task force directed the co-chairs to assist the legislative council service as needed in the negotiations. The meeting was adjourned at 1:30 p.m. on July 25, 2006.

**REQUEST FOR PROPOSALS**

**FOR AN INDEPENDENT COMPREHENSIVE STUDY  
OF THE  
NEW MEXICO PUBLIC SCHOOL FUNDING FORMULA**

**STATE OF NEW MEXICO**

**FUNDING FORMULA STUDY TASK FORCE**

**ISSUE DATE: May 26, 2006**

**SUBMISSION DATE: June 26, 2006**

Legislative Council Service  
411 State Capitol  
Santa Fe, New Mexico 87501  
(505) 986-4600

**NOTICE**

The Procurement Code, Sections 13-1-28 through 13-1-199 NMSA 1978, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, illegal gratuities and kickbacks.

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### Appendices

Appendix A - Cost Proposal Form

Appendix B - TRD Taxpayer ID Form

Appendix C - New Mexico Funding Formula (Legislative Education Study Committee)

Appendix D - Funding Formula Legislative Changes, 1974-2006 (Legislative Education  
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Appendix F - RFP Library

## **1. INTRODUCTION**

The Legislative Council Service (LCS), on behalf of the Funding Formula Study Task Force (Task Force), invites persons (Offerors) to submit proposals in accordance with the outlines and specifications contained in this request for proposal (RFP). This RFP contains specific requests for information. In responding to this RFP, Offerors are encouraged to provide any additional information they believe relevant.

The purpose of this procurement is to select an Offeror with:

- (1) experience and expertise in public school finance, including analysis and evaluation of different types of public school funding formulas and statistical analyses of formula factors and elements as they relate to equitable and sufficient funding; and
- (2) demonstrated scholarship in public school finance methodologies.

## **2. SEQUENCE OF EVENTS**

<u>Event</u>	<u>D</u>
A. Release of RFP	May 26, 2006
B. Submission of Proposals	June 26, 2006
C. Evaluation of Proposals & Selection	July 24-26, 2006
D. Signing of Contracts/Commencement of Work	August 15, 2006
E. Progress Report to Task Force	December 20, 2006
F. Progress Reports to Standing Committees	January/February 2007
G. Progress Reports to Task Force & Others	To Be Determined
H. Public Hearings	August/September 2007
I. Final Report	November 1, 2007
J. Legislative Session Testimony	January/February 2008

The selection date is subject to extension at the discretion of the Task Force. The effective date of the contract is tentative, depending on the selection date, the length of time required for contract negotiation and the length of time for processing the contract. Report dates, except the final report due date, are approximate.

The events identified in the schedule above are briefly described below.

**A. Release of RFP.** This RFP will be advertised in a newspaper of general circulation pursuant to Section 13-1-104 NMSA 1978 and will be posted on the legislative web site and notice given on other pertinent state and national web sites. The RFP will be mailed to firms and individuals who have previously expressed an interest in receiving RFPs. Prospective Offerors may direct questions about the RFP to Jonelle Maison at the office of the LCS, 411 State Capitol, Santa Fe, New Mexico 87501, telephone 505-986-4600.

**B. Submission of Proposals.** One original and 10 copies of the proposal and supporting documentation shall be submitted to the LCS. Proposals must be in the format specified in Item 6



below and signed and the authority of the individual signing must be stated in the proposal by the Offeror. All proposals shall be submitted in sealed envelopes marked "Proposal to the Funding Formula Study Task Force for the Study of the New Mexico Public School Funding Formula". The LCS is the sole contact for this procurement.

The **deadline for receipt of proposals by the LCS is June 26, 2006**, no later than 5:00 p.m. mountain daylight savings time. Proposals will be time-stamped upon receipt.

All proposals must be addressed to:  
Jonelle Maison  
Legislative Council Service  
411 State Capitol  
Santa Fe, New Mexico 87501

A proposal may be modified by an Offeror prior to the deadline for submission of proposals by delivery of a written modification to the above address. The sealed envelope containing any modifications to the proposal is subject to the above deadline and shall be marked "Modifications to the Proposal for a Study of the New Mexico Public School Funding Formula".

A proposal may be withdrawn prior to the deadline for submission of proposals by delivering written or telephone notice to the person listed above.

Any proposal or modification received after the deadline for submission of proposals will be considered late. Unless a late proposal is the only one received, no late proposal or late modification will be considered unless it would have been timely but for the action or inaction of the LCS. Time limits will not otherwise be waived.

The Offeror may propose and describe other areas of expertise that would benefit the study.

Proposals will not be opened publicly and will not be open to public inspection until after the award of the contract.

C. Evaluation of Proposals. Proposals will be evaluated by a panel consisting of representatives of the Task Force designated by the co-chairs of the Task Force using the criteria listed in Item 9 below. During the evaluation process, clarification may be sought from Offerors, but no evaluator shall negotiate with any Offeror. The panel shall make recommendations to the Task Force regarding finalists for consideration by the Task Force.

D. Selection of Offeror. The final selection of the Offeror will be made by the Task Force based on finalists selected by the evaluation panel. Finalists selected by the evaluation panel will be requested to make oral presentations to the Task Force on or about July 24, 2006. The Offeror selected to perform the work and the Offerors not selected will be notified in writing by the Task Force. Selection does NOT constitute an obligation to contract with the successful Offeror. The LCS will prepare the contract with the successful Offeror. If the contract is not accepted by the

successful Offeror within seven days from receipt, the Task Force may direct the LCS to commence negotiations with the Offeror rated second by the Task Force.

### **3. AMENDMENTS TO RFP**

If there are any amendments to this RFP, they shall be in writing and shall be mailed to all firms and individuals that received the RFP. Amendments shall be distributed with sufficient time to allow Offerors to consider the amendments in preparing their proposals. If necessary, the deadline for submission of proposals shall be extended by the amendment.

A written acknowledgment form mailed with the amendment shall be completed by the Offeror and submitted with the proposal as evidence of receipt of the amendment or, if the proposal has already been submitted, shall be submitted with any modification to the proposal or, if there is no modification, shall be submitted in the same manner as the original proposal.

### **4. CANCELLATION OF RFP — REJECTION OF PROPOSALS**

The Task Force or LCS reserves the right to cancel this RFP at any time and for any reason.

Any and all proposals may be rejected in whole or in part when it is in the interest of the Task Force or LCS to do so. The Task Force or LCS shall not be responsible for the payment of any costs incurred by the Offeror in the preparation or submission of a proposal or oral presentations before the Task Force.

The issuance of this RFP, the receipt of proposals or the selection of a firm or individual in no manner obligates the LCS to the eventual purchase of services. This process is solely at the discretion of the Task Force and LCS and may be terminated without penalty or obligation at any time prior to the signing of a written contract.

### **5. APPLICANT ELIGIBILITY**

Eligible Offerors are firms and individuals that have demonstrated experience or expertise relevant to conducting an independent study of the New Mexico public school funding formula. The Offeror should enclose proof of registration with the New Mexico Taxation and Revenue Department for the payment of gross receipts tax or proof of the grant of an exemption from payment of federal income tax pursuant to Section 501(c)(3) and (6) of the Internal Revenue Code. No contract will be issued under this request to an Offeror who has not provided such proof. An Offeror not registered and not exempt should include an explanation and a statement that the applicant will register with the Taxation and Revenue Department as soon as possible.

### **6. PROPOSAL FORMAT**

A. Each proposal should be typewritten, single spaced and numbered sequentially from beginning to end, on 8.5 x 11-inch white paper with one-inch margins and 12-point type. The body of the proposal, not counting appendices, should not exceed 30 pages. All attachments should be provided with every copy submitted. All materials submitted in response to this RFP become the property of the state of New Mexico. The proposal will become a public document, exclusive of reasonable proprietary information identified upon submission, after the contract has been awarded.

The Task Force and the state have the right to use any or all ideas presented on any response to the RFP. Selection or rejection of a proposal does not affect this right. Incomplete or unresponsive proposals shall not be accepted under this RFP. The LCS, acting in a coordinating role for staff of the Task Force, shall make the final determination as to a proposal's completeness and responsiveness. The LCS, acting in a coordinating role for staff of the Task Force, or the Task Force panel reserves the right to waive minor technical irregularities that can be corrected without prejudice to other applicants.

B. Offerors shall include the following information in their proposals:

(1) Letter of Transmittal. Include at least the following information:

- (a) name, address and telephone number of the Offeror;
- (b) name and telephone number of primary contact for the Offeror;
- (c) a signature of the Offeror or of any officer or employee who certifies that he or she has the authority to bind the Offeror;
- (d) date of the proposal;
- (e) a statement that the Offeror, if awarded the contract, will comply with the contract terms and conditions set forth in this RFP; and
- (f) a statement that the Offeror's proposal is valid for 90 days after the deadline for submission of proposals.

(2) Description of Services. Describe how the services will be provided or what tasks will be performed in response to the scope of work contained in Item 8 below. The scope of work indicates what the Offeror is supposed to do; the description of services should show how the Offeror intends to perform the services.

(3) Cost Proposal. For each category of personnel, indicate the hourly rate to be charged as follows: type of professional, consultant, technical and clerical or support staff. Quote a maximum cost that will not be exceeded for the total baseline project. Also indicate the type and amount of any expenses anticipated and whether the amounts quoted include gross receipts tax. Note: Any contract that is awarded will contain a total contract amount, including gross receipts tax. (Cost proposal form attached as Appendix A.)

As the study progresses or after the conclusion of the study, additional services may be requested. It is the intention of the Task Force to negotiate for the additional services based on the hourly rates provided in response to this RFP.

(4) Related Experience and Qualifications. Describe the Offeror's prior experience and qualifications related to accomplishing the scope of work contained in Item 8 below. Particularly, describe the Offeror's experience relevant to public school finance and the evaluation of public school funding formulas. This portion of the proposal should demonstrate the extent to which the Offeror is qualified to perform both the scope of work outlined in this RFP and the specific services contained in the description of services portion of the Offeror's proposal.

(5) Personnel. Identify the individuals who will be assigned to work on the contract, the nature of the services they will perform, the percentage of each staff member's time committed to this project and their roles in previous similar projects. Provide resumes and credentials or other background information for each of the individuals, including projects of a similar nature on which they have worked.

(6) Financial Ability to Complete the Work. Attach the Offeror's audited financial statements for the most recent complete fiscal year. If this is not possible, explain and provide evidence of the Offeror's financial stability and ability to complete the work proposed under this contract.

(7) Knowledge of New Mexico. Describe the Offeror's experience with or knowledge of the New Mexico public school system or experience with or knowledge of public school systems similar to New Mexico's system and New Mexico economic data and demographics and data from states similar to New Mexico in such areas as numbers of students, general population and ethnic and cultural variances.

## **7. CONTRACT MANAGER — CONTRACT RECORDS**

The LCS shall serve as contract manager and shall name a person no later than the effective date of the contract to serve as its primary communication link with the contractor.

The successful Offeror shall maintain detailed records that indicate the date, time and nature of services rendered under any contract that might be negotiated pursuant to the RFP. The LCS shall have the right to audit billings both before and after payment and to contest any billing or portion thereof. Payment under an agreement between the LCS and the selected Offeror shall not forfeit the right of the LCS to recover payment beyond that authorized by the contract.

## **8. SCOPE OF WORK**

***Preamble to Scope of Work:*** New Mexico's basic public education policy, as set forth in its constitution, statutes and rules, is to provide a uniform system of public education that offers equal access to educational opportunity and that guarantees all New Mexico public school students access to programs and services appropriate to their educational needs, regardless of location or community economic conditions. Since 1974, the New Mexico public school funding formula has been considered one of the best in the country in terms of vertical equity. It is noteworthy that New Mexicans continue to demonstrate their willingness to pay for public education; census bureau data consistently show that New Mexicans provide a higher percentage of their income to education than almost any other state.

Over the last 30 years, there have been numerous piecemeal amendments to the Public School Finance Act and the formula, most done after an interim committee has studied the issue; however, the 1995-1996 equity study was the only independent review of the formula that has been conducted since its adoption in 1974. In 2000 and 2003, the legislature passed education reform measures, including new licensure systems and salary minimums for teachers and school administrators; standards-based testing and increased accountability for schools and school districts; and the elimination of old-style social promotion and the addition of mandatory school

responsibilities for failing students. These reforms require a comprehensive study of the funding formula, its factors and the numerical values for those factors to determine whether the current formula distributes sufficient revenue to school districts to provide a basic educational program and to recruit and retain the best teachers and other school personnel to teach and serve New Mexico's school-age children. There have also been other legislative changes affecting public school operational revenues and expenditures, and these changes must be considered in the funding formula study.

A study of New Mexico's funding formula cannot be done without considering the state's unique demographics. It is the fifth largest state, but ranks thirty-sixth in population and forty-fifth in population density. Of its 1.8 million people, approximately 327,000 are public school students and less than half of them live in urban areas or compact districts. This tyranny of geography militates against economies of scale and limits the ability of small rural school districts to offer educational experiences comparable to those offered in the more urban districts. Perhaps the most significant statistic is that New Mexico ranked first in the nation for poverty in the "Poverty 2000" census report (three-year average, 1998-2000); 19.3 percent of the state population lives at or below the poverty line. However, as noted earlier, in the face of this statistic, New Mexico ranks first or second in funding effort. Demographic data also show that New Mexico is not a homogeneous population: 54 percent of public school students are Hispanic, 11.1 percent are Native American, 31.1 percent are Anglo and 3.8 percent are Black or Asian. As a border state, New Mexico has a significant population of immigrant students. For these and other reasons, school districts struggle with high mobility rates, large at-risk populations and high numbers of English language learners, all of which make attaining AYP extremely difficult.

Other areas of significant concern were raised by local school personnel during testimony gathered by the Task Force. One concern shared by many superintendents is the formula's apparent failure to provide sufficient funding to small rural school districts, which have had to depend on emergency supplemental funding each year for the last several years simply to meet their base budgets. In conjunction with this situation, superintendents are eager to have distance learning and alternative schools included in the funding formula. Sufficient funding for growth, for special education and for bilingual/multicultural-ELL, including culturally sensitive education for Native American students, are other concerns raised by superintendents.

The purpose of this study is to determine:

- (1) what an appropriately sufficient basic K-12 educational program includes and how to fund that program given the realities of New Mexico's economy;
- (2) how to ensure that the factors in the formula meet the needs of New Mexico's diverse school districts, schools and students and distribute sufficient resources to support student achievement;
- (3) how to account for compensation of teachers, school principals and instructional support providers, as defined in Section 22-1-2 NMSA 1978, in the funding formula;

(4) how to provide effective and efficient incentives to enable low-performing schools to raise their performance to state and federal No Child Left Behind Act standards; and

(5) potential revenue sources for funding the state's uniform system of public education.

***Scope of Work:*** The Consultant shall review educational literature, research, data and other available analytical sources and all pertinent New Mexico constitutional and statutory provisions and rules and shall conduct a review of the New Mexico public school funding formula as it currently exists, including the rationale behind each of its amendments based on available data, the basic concepts underlying the formula and the components of the formula to determine if the current funding system allows districts to provide an appropriately sufficient basic K-12 educational program. If the current funding system is found lacking, the Consultant shall develop recommendations and options for a definition of an appropriately sufficient basic educational program; necessary changes to the funding formula to implement each option; and adequacy of current and potential revenue sources to fund each option. The Task Force shall establish a panel of outside experts to review the Consultant's work, recommendations and options, and the Consultant shall revise work plans, recommendations and options as needed.

In carrying out the purpose of the study and the scope of work, the following tasks are not necessarily sequential, and the Offeror may propose to combine or reorder the tasks or propose additional tasks to ensure that the purpose and scope are fulfilled.

**Task 1.** Survey and interviews: the Consultant shall work with the Task Force staff to develop a statistically valid statewide instrument representative of population that will describe what New Mexicans consider to be the components of an appropriately sufficient basic K-12 educational program in the public schools. After the survey data have been compiled, the Consultant and staff shall determine appropriate focus groups and individuals to be interviewed for the collection of additional data regarding a sufficient educational program.

**Task 2.** Analysis and evaluation of funding formula:

A. Analyze and evaluate funding formula factors, including:

(1) methodology for establishing appropriate weights for multipliers for each grade level, regardless of school configuration;

(2) methodology for establishing appropriate weights for services for students in need of special education, including services for gifted students;

(3) methodology for establishing appropriate weights for services for students identified in accordance with federal guidelines as English Language Learners, including bilingual multicultural education and other scientifically based approaches;

(4) methodology for establishing appropriate weights for district, school and class size;

(5) methodology for accounting for enrollment growth or decline and establishment of new schools or school districts;

(6) methodology for establishing appropriate weights for services to students at risk of failure or dropping out; and

(7) methodology for accounting for fine arts, national board for professional teaching standards certification and other programs in the formula.

B. Analyze and evaluate the history of program unit increases, particularly in relation to growth and decline of MEM.

C. Analyze and evaluate statutory and regulatory requirements that are not currently included in the formula, including physical education and health education in grades one through eight. Develop methodology for accounting for these requirements in the formula.

D. Analyze and evaluate the need for weighting other factors, such as:

(1) subject areas, including science and vocational education;

(2) students who are less than full-time and take other than academic course work;

(3) alternative schools and alternative school settings; and

(4) public school choice, including charter schools.

E. Analyze and evaluate means to reward cost-savings by districts, including consolidation; demonstrated savings through resource sharing between districts; variable school classes, days or years; and other cost-saving measures.

F. Analyze and evaluate funding for educational services for school-age children in detention facilities and treatment centers, including how to accurately account for these children in the receiving and sending school districts' MEM calculations for funding.

G. Analyze and evaluate the need for school nurses and counselors in elementary, middle or junior high schools and senior high schools and the way in which those positions could be weighted in the funding formula.

H. Analyze and evaluate the consistency with and applicability to the funding formula of other provisions of the Public School Code, in particular Chapter 22, Articles 2C and 13 NMSA 1978, as well as the federal No Child Left Behind Act.

I. Analyze and evaluate all special grant-in-aid funds and their purposes and make recommendations on whether those purposes should be funded through the formula. Analyze and evaluate current funding for educational technology and make recommendations on how that should be funded.

J. Analyze and evaluate the appropriateness of removing fixed costs such as insurance and testing from the program cost calculation.

**Task 3.** T&E: Analyze and evaluate how instructional staff education and experience, educational leadership and professional development should be addressed through the funding formula in relation to the three-tiered licensure system.

**Task 4.** Funding sources. Analyze and evaluate current and potential federal, state and local revenue sources, including all credits taken by the state in calculating the state equalization guarantee.

**Task 5.** Recommendations and Options. Based on the Consultant's analyses and evaluations, including recommendations, on other tasks, develop options and recommendations for the Task Force's and Legislature's consideration on:

(1) what constitutes the components of an appropriately sufficient basic educational program for New Mexico's public schools, recognizing the realities of New Mexico's economy and the tax burden of New Mexico taxpayers;

(2) amendments to and calibrations for the funding formula, including calculations of instructional staff education and experience, growth, decline, special education and other weights and factors;

(3) methods to provide effective and efficient incentives to enable low-performing schools to raise their performance to state and federal standards; and

(4) revenue sources for public school funding, including recommendations concerning credits for local revenues.

Every option and recommendation shall include their effects on the funding formula and their costs to the state general fund and other revenue sources.

**Task 6.** Legislative and other testimony. The Consultant shall be available for testimony before legislative standing and interim committees and other groups, subject to approval of the contract manager and the co-chairs of the Task Force.

## **9. EVALUATION CRITERIA**

Proposals will be evaluated using the following criteria and the indicated weighting of the criteria. The inclusion of cost as a factor does not require the LCS to select the lowest cost proposal.



Possible Points

1. Qualifications of the firm or individual and proposed staff: 45 points

- a. documented experience and expertise relevant to evaluating public school formulas and documented scholarship;
- b. capability of firm or individual to respond within the required time frame listed in the sequence of events and financial and technical ability to complete the work;
- c. knowledge of the New Mexico public school system and similar relevant school systems and data; and
- d. qualifications of personnel assigned to this project (include resumes).

2. Description of services: 45 points

- a. proposed methodology, including description of methods, computer simulations or other tools;
- b. proposed work plan, including deliverables and dates; and
- c. use of timely and valid data.

3. Cost: 10 points

The inclusion of cost as a factor is not intended to require selection of the lowest cost proposal.

**10. CONFIDENTIALITY**

All submitted proposals are considered confidential during the application, review and negotiation process as required by the Procurement Code. Proposals will become public documents exclusive of proprietary information after a contract has been executed. All information submitted will be considered nonconfidential unless labeled "PROPRIETARY" on each page by the applicant.

The Offeror must assure the LCS that any confidential information provided to or developed in the performance of the scope of work detailed in this RFP shall be kept confidential and shall not be made available to any individual or organization at any time without the prior written approval of the Director of the LCS.

## **11. COPYRIGHT**

All work and rights to work produced, developed or acquired by the Contractor under the contract awarded pursuant to this RFP, including ownership of any copyrights to work produced under the contract, shall be transferred to and become the exclusive property of the state of New Mexico, and all materials developed or acquired under the contract shall be delivered to the LCS not later than the termination date of the contract. The Contractor and LCS acknowledge that the compensation paid to the Contractor is due consideration for transfer of ownership of any copyrights for work produced under the contract.

## **12. CONTRACT TERMS AND CONDITIONS**

The contract between the LCS and the successful Offeror shall contain substantially the following terms and conditions. In the letter of transmittal, the Offeror shall include a statement agreeing to these terms and conditions and explaining any terms or conditions with which the Offeror does not agree.

**A. Scope of Work.** This portion of the contract will be drafted following selection of the firm or individual to perform the services. It will incorporate the scope of work in Item 8 above and the description of services from the Offeror's proposal.

**B. Compensation.** The total compensation shall not exceed the limit specified in the contract. The total amount shall include applicable New Mexico gross receipts taxes, which shall be paid by the Contractor. The contract amount, any hourly or monthly rate, if applicable, and the basis for reimbursement shall be specified in the contract.

**C. Term.** The contract shall be effective from the date of execution through July 1, 2008, unless otherwise provided in the contract.

**D. Termination.** The contract may be terminated by either of the parties upon written notice delivered to the other party at least 30 days prior to the intended date of termination. By such termination, neither party may nullify obligations or liabilities already incurred for performance or for failure to perform prior to the date of termination.

**E. Status of Contractor.** The Contractor and the Contractor's agents and employees are independent contractors performing professional services for the LCS and are not employees of the state of New Mexico. The Contractor and the Contractor's agents and employees shall not accrue leave, retirement, insurance, bonding, use of state vehicles or any other benefits afforded to employees of the state by virtue of the contract.

**F. Assignment.** The Contractor shall not assign or transfer any interest in the contract or assign any claims for money due or to become due under the contract without the prior written approval of the Director of the LCS.

**G. Subcontracting.** The Contractor shall not subcontract any portion of the services to be performed under the contract without the prior written approval of the Director of the LCS.

H. Records and Audit. The Contractor shall maintain detailed time records that indicate the date, time and nature of services rendered. These records shall be subject to inspection by the LCS and the State Auditor. The LCS shall have the right to audit billings both before and after payment. Payment under the contract shall not foreclose the right of the LCS to recover excessive or illegal payments.

I. Release. The Contractor shall, upon final payment of the amount due under the contract, release the LCS, its officers and employees and the state of New Mexico from all liabilities, claims and obligations whatsoever arising from or under the contract. The Contractor agrees not to purport to bind the state to any obligation not assumed in the contract by the state, unless the Contractor has express written authority to do so, and then only within the strict limits of that authority.

J. Confidentiality. Any information provided to or developed by the Contractor in the performance of the contract shall be kept confidential and shall not be made available to any individual or organization without the prior written approval of the Director of the LCS.

K. Product of Service — Copyright. All work and rights to work produced, developed or acquired by the Contractor under the contract, including ownership of any copyrights to work produced under the contract, shall be transferred to and become the exclusive property of the state of New Mexico, and all materials developed or acquired under the contract shall be delivered to the LCS not later than the termination date of the contract. Nothing produced, in whole or in part, by the Contractor under the contract shall be the subject of an application for copyright or any form of intellectual property by or on behalf of the Contractor. The Contractor and LCS acknowledge that the compensation paid to the Contractor is due consideration for transfer of ownership of any copyrights for work produced under the contract.

L. Conflict of Interest. The Contractor shall warrant that the Contractor has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of services required under the contract.

M. Amendment. The contract shall not be altered, changed or amended except by an instrument in writing executed by the parties.

N. Merger. The contract shall incorporate all of the agreements, covenants and understandings between the parties thereto concerning the subject matter thereof. No prior agreement or understanding, verbal or otherwise, of the parties or their agents shall be valid or enforceable unless embodied in the contract.

O. Applicable Law. The contract shall be governed by the laws of the state of New Mexico.

P. Waiver. The contract shall contain a provision that states that no waiver of any breach of the contract or any of the terms or conditions thereof shall be held to be a waiver of any

other or subsequent breach; nor shall any waiver be valid, alleged or binding unless the same shall be in writing and signed by the party alleged to have granted the waiver.

Q. Appropriation. The terms of the contract are contingent upon sufficient appropriations and authorization being made by the New Mexico Legislature or other funding agency. If sufficient appropriations and authorization are not made by the legislature or other funding agency, the contract shall, notwithstanding the provisions of any other paragraph of the contract, terminate immediately upon the Contractor's receipt of written notice of termination from the LCS. The LCS's decision as to whether sufficient appropriations are available shall be accepted by the Contractor and shall be final.

R. Notice. The Procurement Code, Sections 13-1-28 to 13-1-199 NMSA 1978, imposes civil and criminal penalties for its violation. In addition, the New Mexico criminal statutes impose felony penalties for bribes, illegal gratuities and kickbacks.

S. Equal Opportunity Compliance. The Contractor shall agree to abide by all federal and state laws pertaining to equal employment opportunity. In accordance with all such laws, the Contractor shall agree to ensure that no person in the United States shall, on the grounds of race, color, national origin, sex, sexual preference, age or handicap, be excluded from employment with or participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity performed under the contract. If the Contractor is found to be not in compliance with these requirements during the life of the contract, the Contractor shall agree to take appropriate steps to correct these deficiencies.

## **Cost Proposal**

Total Project Cost: \$ \_\_\_\_\_

Rates of personnel assigned to this study:

<u>Personnel</u>	<u>Rate</u>
Professional (describe type)	_____
Professional (describe type)	_____
Consultant	_____
Technical	_____
Clerical	_____
Other _____	_____
_____	_____

Expenses to be Reimbursed:

_____	_____
_____	_____
_____	_____

Please indicate the percentage of time it is anticipated will be spent on this study by each of your principals:

<u>Personnel</u>	<u>% of Time</u>
Professional (describe type)	_____
Professional (describe type)	_____
Consultant	_____
Technical	_____
Clerical	_____
Other _____	_____
_____	_____

## **Helpful New Mexico Links and Electronic Articles**

Legislative web site for the Funding Formula Study Task Force 2005 interim report (under *Legislative Publications*) and other RFP-related information (under *FFTF RFP*):  
<http://legis.state.nm.us>

For compilation of Public School Code (to purchase Chapter 22 NMSA 1978):  
[www.nmcompcomm.us](http://www.nmcompcomm.us)

For public education information: Public Education Department web site:  
[www.ped.state.nm.us](http://www.ped.state.nm.us)

For Public Education Department rules: [www.nmcpr.state.nm.us/nmac](http://www.nmcpr.state.nm.us/nmac)

For other public education information:  
Legislative Education Study Committee: <http://legis.state.nm.us/lcs/lesc/lescdefault.asp>  
Office of Education Accountability: [www.state.nm.us/clients/dfa/Files/OEA/default.htm](http://www.state.nm.us/clients/dfa/Files/OEA/default.htm)

For New Mexico demographic information: Bureau of Business and Economic Research at the University of New Mexico: [www.unm.edu/~bber/](http://www.unm.edu/~bber/)

For gross receipts tax information, Taxation and Revenue Department:  
[www.state.nm.us/tax/trd\\_ques.htm](http://www.state.nm.us/tax/trd_ques.htm)

### **Articles included on legislative web site:**

*Equalization in New Mexico School Finance*, Richard A. King (1983)  
*The Weighting Game: Two Decades of Fiscal Neutrality in New Mexico*, David L. Colton (1996)  
*Annotated Bibliography of Studies and Memoranda on the New Mexico Public School Funding Formula* (1996)  
*Final Report to the Public School Funding Formula Task Force* (1996)  
*School Finance Reform in New Mexico*, Teresa S. Jordan, J. Placido Garcia, Jr., Gerald Kops and K. Forbis Jordan (1998)